United Nations ECE/EX/2014/L.19

Economic and Social Council

Distr.: Limited
28 May 2014

English only

## Economic Commission for Europe

Executive Committee

**Sixty-ninth meeting**
Geneva, 4 June 2014
Item 4(a) of the provisional agenda
**Decisions on matters relating to the Conference of European Statisticians**

*Draft Decision*

# Decision approving the Mandates and Terms of Reference of the Task Forces under the Conference of European Statisticians

The Executive Committee, at its sixty-ninth session on 4 June 2014, approved the establishment of three Task Forces under the Conference of European Statisticians:

a) Task Force on Measuring Human Capital, until June 2016, according to the Terms of Reference contained in Annex I;

b) Task Force on Poverty Measurement, until June 2017, according to the Terms of Reference contained in Annex II; and

c) Task Force on Ageing-related Statistics, until June 2016, according to the Terms of Reference contained in Annex III.

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# Annex I

## Mandate and Terms of Reference of the Task Force on Measuring Human Capital

## I. Background

1. Understanding human capital is of significant interest to policy makers. Statistics on the stock of human capital can be used to better understand what drives economic growth, how well the labour market is functioning, and assessing the long-term sustainability of a country's development path. Information on the human capital distribution among population sub-groups can be used to investigate broader issues such as inequality, social inclusion and quality of life.

2. Following discussions at its June 2011 seminar on measuring human capital, the UNECE Conference of European Statisticians (CES) decided to prepare a stock-taking report aimed at providing an overview of what has been done in the field of human capital measurement. A small group was established to facilitate the preparation of the stock-taking report. This group was chaired by Mr. Geoff Bascand (Government Statistician of New Zealand) and included representatives from Canada, Norway and the United States. The OECD provided technical leadership in the drafting of the report in consultation with other members of the group (ECE/CES/BUR/2011/NOV/16). ECE provided a link to the non-OECD countries and helped in collecting information from these countries. The CES Bureau agreed with the proposal to launch the stock-taking exercise at its meeting in November 2011 (ECE/CES/BUR/2011/NOV/24).

3. To support this review, the OECD Secretariat designed a questionnaire in February 2012 with the purpose of collecting information on what CES countries have done, are doing, and are planning to do in terms of measuring human capital. The questionnaire was sent by the OECD Secretariat to members and regular observers of the OECD Committee on Statistics (CSTAT), and by the ECE Secretariat to CES members of non-OECD countries. Information from the questionnaire identified best practices across countries, as well as conceptual, methodological and data-related issues associated with human capital measurement.

4. The results were summarised in the stock-taking report and discussed by the CES Bureau at its meeting in November 2012 (ECE/CES/BUR/2012/NOV/11). The report outlined the current status in measuring human capital and highlighted that, over recent years, a number of researchers and statistical organisations have developed experimental monetary measures of the stock of human capital using both the cost-based and income-based approach. It was suggested that producing these types of measures is feasible for many CES countries based on the information that is already available within their statistical systems. However, there remains significant scope for improvements in terms of consistency and comparability between countries.

5. The stock-taking report recommended that further work should be carried out in four areas: investigating the discrepancies between the cost-based and income-based approach; improving the quality of data collected internationally; establishing a group to construct experimental human capital satellite accounts based on common methodologies; and pursuing work to estimate the non-economic returns to human capital.

6. The CES Bureau supported the recommendations for further work proposed by the report, with work on experimental satellite accounts considered a priority

(ECE/CES/BUR/2012/NOV/22). The CES Bureau requested Statistics New Zealand to co-ordinate the drafting of terms of reference for a Task Force on measuring human capital and to submit it to the CES plenary session for review in June 2013.

7. The stock-taking report outlined that the construction of experimental satellite accounts would require making decisions on a number of methodological and data issues. These include defining the boundaries of the educational sector (e.g. formal education, in-work training), identifying categories of beneficiaries of human capital investment (i.e. resident, non-resident households), and identifying the units financing investment in human capital (i.e. government, businesses, households). Work may also need to be carried out on improving the quality of earnings, education and mortality data and decisions be made on how the data would be integrated and harmonised to meet the requirements of human capital accounting.

## II. Mandate

8. The work of the Task Force is conducted within the framework of the activities of the CES and its Bureau. The Task Force will be created for a period of two years, at the end of which a final report with guidelines will be submitted to the CES and its Bureau.

## III. Objective

9. The objective of the Task Force is to further pursue the conceptual development of human capital measurement, with priority to be given to the development of experimental human capital satellite accounts. The focus of the group will be to develop guidelines and compile best practices to help countries construct experimental satellite accounts for human capital, based on common methodologies and on agreement on the outcome of such accounts. The work will be as consistent as possible with other international statistical standards and systems.

10. The longer term goal is to identify areas where further work can be conducted to develop indicators that could more coherently measure the different dimensions of human capital and all of its benefits (economic and non-economic, private and collective).

## IV. Planned activities and outputs

11. Building on the work accomplished to date, the Task Force will undertake the following suggested activities:

(a) Discuss conceptual issues relating to how human capital is defined and the purposes of human capital measurement, making use of the stock-taking report. Further explore what policy and research questions human capital data can be used to answer, in particular, the use of experimental human capital satellite accounts;

(b) Consider how the experimental satellite accounts could link with summary indicators which provide proxy indicators of human capital (e.g. average years of schooling, educational attainment);

(c) Develop a broad conceptual framework for constructing experimental human capital satellite accounts taking into account the range of intended uses. The framework will be developed with the intention of producing more comprehensive measures of human

capital in the future. Decisions on definitional issues will be taken (i.e. defining the educational sector, identifying categories of beneficiaries of human capital investment);

(d) Compile best practice guidelines for obtaining the requisite data and constructing the relevant measures. Guidelines will also be produced on how data from a range of sources can be integrated and harmonised to meet the requirements of human capital accounting. The Task Force will consider how human capital accounting will be integrated into the System of National Accounts;

(e) Develop a set of draft accounts/tables using the framework described above;

(f) Examine in more detail the discrepancies between the estimates of the stock of human capital based on the cost-based and income-based approach and how they can be reconciled. Explore the limitations and benefits of these methodologies;

(g) Identify areas where improved data is required and investigate what recommendations could be made to influence the type of data that is collected internationally, so as to improve the accuracy and comparability of the estimates of the stock of human capital. Key focus areas will include improving earnings information, harmonising education data and sourcing mortality rates by education;

(h) Identify key areas for future work with a focus on developing indicators that could better measure the different dimensions of human capital and its wider benefits.

12. The main output of the work of the Task Force will be a report containing the conceptual framework and best practice guidelines, including draft tables, for the production of experimental human capital satellite accounts, suitable for use by national statistical offices or other agencies charged with this purpose.

13. The Task Force will report on its progress to the CES Bureau on a regular basis.

## V. Timetable

14. The work will be conducted until June 2016, according to the tentative timetable below. The work will have a longer term goal with concrete deliverables in the short term to enable step by step progress in this complex area.

| | |
|---|---|
| Jun 2014 | Launch the work of the Task Force with a meeting. |
| Jul-Dec 2014 | • Discuss the objectives of human capital measurement and its uses for policy analysis with a focus on experimental human capital satellite accounts.<br>• Compare the different approaches used to estimate the stock of human capital and identify their limitations and benefits.<br>• Release various issue papers that address key issues related to the construction of human capital satellite accounts. |
| Jan-Dec 2015 | • Develop conceptual framework and best practice guidelines in establishing experimental human capital satellite accounts.<br>• Discuss dissemination of the human capital accounts.<br>• Establish key areas of future work, such as estimating non-economic returns to human capital. |
| Jan 2016 | Submit draft Guidelines to the CES Bureau. If the CES Bureau agrees, the report will be sent to all CES members for electronic consultation. |

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| Apr-May 2016 | Revise draft Guidelines based on feedback received. |
| Jun 2016 | Present the final Guidelines to the CES 2016 plenary session for endorsement. |

## VI. Methods of work

15. The Task Force is expected to primarily work via email and telephone conferences. However, an initial face-to-face meeting will be scheduled to formulate a more detailed work plan and discuss the feasibility of what outputs can be produced. Annual face-to-face meetings may also be required. Participation to these meetings will be self-funded.

## VII. Membership

16. The following countries and organizations participate in the work of the Task Force: Norway, Australia, Canada, Italy, Netherlands, New Zealand, Poland, Slovenia, Sweden, United Kingdom, United States, OECD, and the Wittgenstein Centre for Demography and Global Human Capital (Austria).

17. The Task Force includes experts on satellite accounts and the System of National Accounts as well as subject matter experts, labour statisticians and academics.

18. ECE acts as secretariat to the Task Force.

# Annex II

## Mandate and Terms of Reference of the Task Force on Poverty Measurement

## I. Background

1. The monitoring of Millennium Development Goals (MDGs) and the recent discussions on the post-2015 development agenda have further highlighted the importance of measuring poverty. In light of the recent global economic crisis, the need for reliable and timely statistics for international monitoring and national policymaking on poverty reduction has become even more apparent.

2. However, there is currently no coherent set of indicators to measure and monitor poverty. For monitoring the MDG 1 "Eradicate extreme poverty and hunger", over 100 indicators are used by the countries in the region. Indicators used by international organizations are not among those used most frequently by the countries. For the various indicators, a large variety of definitions, methods and primary data sources are available and there are no uniform national or international guidelines for their application. Reporting on bias and uncertainty of poverty data is limited.

3. In November 2012, the Bureau of the Conference of European Statisticians (CES) conducted an in-depth review of poverty statistics based on a paper by Ukraine and Eurostat. The paper gave an overview of the methodological issues underlying poverty measurement and presented two case studies: one at international level (Eurostat) and the other at national level (Ukraine). As a follow-up to the in-depth review, the Bureau requested the secretariat to organize a seminar to discuss how to improve poverty measurement.

4. The Seminar "The way forward in poverty measurement" was held in Geneva on 2 4 December 2013. It brought together 62 participants from 29 countries and 6 international organizations. All countries of Eastern Europe and Central Asia were represented, as well as all major international agencies that are active in poverty measurement in the ECE region (CISSTAT, Eurostat, OECD, UNDP, World Bank). Participation extended beyond the ECE region, to countries such as Chile, Colombia and the United Arab Emirates. Researchers in the Oxford Poverty and Human Development Initiative represented academia.

5. Participants discussed in-depth methodological issues in poverty measurement, data comparability, and interlinkages between poverty, inequality, vulnerability and social exclusion. The Seminar identified several areas where future international work is needed and recommended that a CES task force undertake this work. The CES Bureau reviewed the proposal at its meeting in January 2014 and agreed with the conclusions of the seminar. The present terms of reference reflect the conclusions of the Seminar.

## II. Mandate and reporting

6. The work of the Task Force is conducted within the framework of the activities of the CES and its Bureau. The Task Force will be created for a period of three years, at the end of which a final report with guidelines and recommendations will be submitted to the CES and its Bureau.

## III. Objective

7. The objective of the Task Force is to develop guidelines and provide recommendations for improving the international comparability and availability of statistics on poverty and the related metadata.

## IV. Planned activities and outputs

8. To achieve its objective, the Task Force will undertake the following activities:

(a) Prepare an inventory of poverty indicators in international databases;

(b) Define a coherent set of indicators to measure absolute and relative poverty in countries participating in the Conference of European Statisticians;

(c) Develop guidelines on the definitions, methods and data sources of the defined poverty indicators; and

(d) Provide recommendations on the documentation of metadata on poverty.

9. The Task Force may also explore the possibility of developing guidelines for multidimensional measurement of poverty and outline the steps that would be required in this direction.

10. The Task Force will link its work to the global and regional efforts for monitoring poverty reduction in the context of the post-2015 development agenda.

11. In pursuing these activities, the Task Force will take into account previous international initiatives and endeavours in poverty measurement. It will include experts from the international organizations that are active in poverty measurement.

## V. Timetable

12. The activities of the Task Force are planned for the period from 2014 to June 2017, according to the following tentative timetable:

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|---|---|
| Jun 2014 | Discussion of work plan to identify the concrete activities and outputs of the Task Force which could be implemented within the three-year mandate |
| July-Oct 2014 | Preparing an inventory of poverty indicators in international databases |
| Oct 2014 | Face-to-face meeting in Geneva to review progress and agree on further steps, including the way of developing the coherent indicator set |
| Nov 2014-Mar 2015 | Defining a coherent set of indicators to measure absolute and relative poverty in countries participating in the Conference of European Statisticians |
| Apr-Jun 2015 | Electronic consultation on the defined indicator set |

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| Jul-Sep 2015 | Revision of the indicator set based on the consultation |
| Sep 2015-Sep 2016 | Drafting recommendations on the documentation of metadata on poverty. Drafting guidelines on the definitions, methods and data sources of the defined poverty indicators |
| Oct-Dec 2016 | Editing the guidelines and recommendations |
| Jan 2017 | Submission of the guidelines and recommendations to the CES Bureau. If the CES Bureau agrees, the report will be sent to all CES members for electronic consultation. |
| Apr-May 2017 | Revise draft guidelines and recommendations based on feedback received. |
| Jun 2017 | Present the final guidelines and recommendations to the CES 2017 plenary session for endorsement. |

## VI. Methods of work

13. The Task Force will primarily work via email and telephone conferences. At least one face-to-face meeting will be organized. Participation to the meetings will be self-funded.

14. For the preparation of the draft documents, the Task Force may take advantage of the wiki infrastructure available at ECE.

## VII. Membership

15. The following countries and international organizations will participate in the Task Force: Poland, Chile, Colombia, Georgia, Germany, Italy, Russian Federation, Turkey, United Kingdom, Eurostat, OECD, the United Nations Development Programme, the World Bank, and the Oxford Poverty and Human Development Initiative (United Kingdom).

16. ECE acts as secretariat to the Task Force.

# Annex III

## Mandate and Terms of Reference of the Task Force on Ageing-related Statistics

## I. Background

1. Ageing has a profound impact on a broad range of economic, political and social processes, affecting virtually all domains of society. Since 2002, countries of the ECE are following the Regional Implementation Strategy for the Madrid International Plan of Action on Ageing (the global action plan) where they committed to action in ten key areas. To base these actions on evidence, reliable data on the relevant issues needs to be available by age and sex. The importance of appropriate measurement of ageing and its consequences is further emphasised in the context of monitoring the implementation of the agreed Strategy. ECE member countries reinforced this commitment in the ministerial declaration "Ensuring a society for all ages: promoting quality of life and active ageing" adopted at the Ministerial Conference on Ageing in Vienna in September 2012.

2. The Bureau of the Conference of European Statisticians (CES) discussed an in-depth review paper related to population ageing in November 2012. This paper was drafted after discussions at the CES plenary session in June 2012 in order to obtain input from member countries. During the plenary discussions several participants emphasised the high policy relevance of the topic and some expressed readiness to participate in a task force in this area.

3. The in-depth review paper highlighted issues and challenges in the production and dissemination of data by age, the dispersion of ageing-related statistics, data gaps on important issues related to ageing as well as the need for subjective measures and longitudinal data. The CES suggested creating a joint task force of statisticians and policymakers, which could take as its starting point the work of the ECE Expert Group on the Active Ageing Index and the INSEE-Eurostat Sponsorship Group on Measuring Progress, Well-being and Sustainable Development. The task force could develop recommendations to statistical offices for improving and harmonising the collection and dissemination of ageing-related data.

4. At its meeting in November 2012, the CES Bureau tasked a preparatory group consisting of interested countries and organizations with developing focused terms of reference for a task force on ageing-related statistics.

## II. Mandate

5. The Task Force on Ageing-related Statistics reports to the Conference of European Statisticians (CES) through its Bureau. The Task Force will be created for a period of two years, at the end of which a final report with recommendations will be submitted to the CES and its Bureau.

## III. Objective

6. The objective of the Task Force is to improve the availability, accessibility and comparability of statistical data in support of ageing-related policymaking in the framework of the ECE Regional Implementation Strategy for the Madrid International Plan of Action on Ageing.

## IV. Planned activities and outputs

7. The following activities and outputs are planned:

(a) Providing an overview of existing sets of statistical indicators for monitoring the ageing situation and policies;

(b) Providing an overview of international data availability and comparability of ageing-related statistics;

(c) Identifying domains that ageing-related statistics should cover;

(d) Identifying in each domain data gaps that could be addressed using existing sources, through better processing and access to micro-data and linking administrative and survey data;

(e) Developing recommendations to statistical offices for addressing the data gaps;

(f) Collecting and presenting good national practices in disseminating and communicating ageing-related statistics; and

(g) Developing recommendations to statistical offices for harmonising the dissemination and improving the communication of ageing-related statistics.

## V. Timetable

8. The following timetable applies:

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| Jun-Jul 2014 | Reviewing existing sets of statistical indicators on ageing, international data availability and comparability and national practices in communicating ageing-related statistics. |
| Aug-Nov 2014 | Drafting the recommendations on ageing-related statistics:<br>• addressing data gaps related to ageing<br>• improving data collection of ageing-related statistics<br>• harmonising the dissemination and communication of ageing-related statistics |
| Dec 2014 | Editing the interim recommendations |
| Jan 2015 | Submission of the interim recommendations to the CES Bureau. If the CES Bureau agrees, the report will be sent to all CES members for electronic consultation. |

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| Apr-Jun 2015 | Revise interim recommendations based on feedback received. |
| Aug-Nov 2015 | Editing the final recommendations. |
| Dec 2015 | Submission of the final recommendations to the CES Bureau for review. If the CES Bureau agrees, the report will be sent to all CES members for final consultation. |
| Jun 2016 | Present the final recommendations to the CES 2016 plenary session for endorsement |

## VI. Methods of work

9. The Task Force will primarily work via email and telephone conferences. It will attempt to organize at least one face-to-face meeting. Participation to the meetings will be self-funded.

## VII. Membership

10. The Task Force on Ageing-related Statistics includes representatives of 15 national statistical offices including: Australia, Azerbaijan, Belgium, Canada, Hungary, Israel, Italy, Mexico, New Zealand, Poland, Slovakia, Switzerland, Tajikistan, United Kingdom and United States. In addition, 8 government agencies dealing with ageing from Austria, Belgium, Czech Republic, Georgia, Italy, Portugal, Serbia and United States will participate in the Task Force. The international organisations and academic institutes that are represented include: CIS-STAT, Eurostat, European Centre for Social Welfare Policy and Research, European Centre of Gerontology – WHO Collaborating Centre for Healthy Ageing & University of Malta, and University of Southampton.

11. ECE acts as secretariat to the Task Force.